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FISCAL IMPACT STATEMENT

LS 6203

BILL NUMBER: SB 67

NOTE PREPARED: Mar 23, 2005

BILL AMENDED: Mar 22, 2005

SUBJECT: Wireless Enhanced 911.

FIRST AUTHOR: Sen. Steele

FIRST SPONSOR: Rep. Ruppel

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires the Wireless Enhanced 911 Advisory Board (board) to review biennially wireless 911 service to ensure that 911 fees are not excessive and are used properly. It specifies that a commercial mobile radio service (CMRS) provider may be reimbursed from the Wireless Emergency Telephone System Fund for costs incurred before July 1, 2005, to comply with the 1996 Federal Communications Commission (FCC) order concerning wireless enhanced 911 service. The bill allows part of the Wireless Enhanced 911 Fee to be used to reimburse the Board for certain wireless enhanced 911 services required by the 1996 FCC order but not incurred by CMRS providers or public safety answering points (PSAPs). It requires the Board to reduce the fee to less than \$0.50 after all CMRS providers have been reimbursed for expenses. It also specifies how the Board must allocate the fee after all CMRS providers and PSAPs have been reimbursed. The bill prohibits the Board from reimbursing a CMRS provider for expenses submitted after December 31, 2005. It provides that the Indiana Utility Regulatory Commission does not have jurisdiction over CMRS rates, terms, or conditions. It also repeals an obsolete reference to pseudo-automatic number identification.

Effective Date: July 1, 2005.

Explanation of State Expenditures: (Revised) The bill prohibits the Indiana Utility Regulatory Commission (IURC) from exercising its jurisdiction over and the rates, terms, and conditions of commercial mobile radio services (CMRS). Removing these responsibilities from the IURC could reduce the agency's administrative burden. Because the Commission's responsibilities encompass all utility types, it is unknown what proportion of the Commission's spending is related to CRMSs.

The bill also requires the Wireless Enhanced 911 Advisory Board (Board) to perform a biannual review of the collection, disbursement, and use of the Wireless Emergency 911 fee. The fiscal impact, if any, would likely be dependent on the extent to which the Board must perform the review beyond its current efforts to collect information on the Wireless Emergency 911 fee. The bill requires the initial review to be conducted no later than June 30, 2006.

Explanation of State Revenues: Current statute allows for commercial mobile radio service (CMRS) providers, or wireless carriers, to be reimbursed for actual costs incurred while complying with the wireless 911 order from the Federal Communications Commission. This bill will make it so that wireless carriers will be able to seek reimbursement only for those costs incurred before July 1, 2005. Currently, \$0.25 of the monthly Wireless Emergency 911 fee is being deposited in a wireless carriers account for such reimbursements. Starting in 2006, if wireless carriers have *not* yet been fully reimbursed for approved costs, the money used for the reimbursements would be diverted to an account for wireless carriers, Public Safety Access Points (PSAPs) and the Indiana Wireless Enhanced 911 Advisory Board to cover costs specifically related to the implementation of Phase II of the FCC order and to the PSAPs and Board for other related costs.

The fiscal impact of this provision is dependent on the amount of money left over in the wireless carriers account once all wireless carriers have been reimbursed and on the number of subscribers paying the fee. As of December 31, 2004, the balance of the wireless carriers reimbursement account was approximately \$1.8M.

The bill provides that if the fee is greater than \$0.50, which it is currently set at \$0.65, it must be reduced to a maximum of \$0.50 when all wireless carriers have been reimbursed for approved costs. Once all wireless carriers have had all approved costs reimbursed, all PSAPs have been reimbursed for Phase II costs and the fee as been reduced, the bill resets the distribution of each fee collected as the following:

- \$0.007 is to be kept by the wireless carriers for collecting the fee;
- \$0.01 is to go towards Board expenses;
- \$0.383 is to go towards PSAP reimbursements; and
- any amount of the fee that is left over must be deposited in an escrow account for payment of other wireless enhanced 911 services mandated by the FCC but not incurred by PSAPs. If the fee is set at the maximum of \$0.50, the remaining portion of the fee would be \$0.10.

As of July 2004, the Office of the State Treasurer reported there were approximately 2.9M wireless subscribers paying the monthly Wireless Emergency 911 fee. After the fee distribution has been reset, the decrease in revenue generated by the reduced fee is offset by the decrease in reimbursements to wireless carriers and distributions to the Board. Based on the 2.9M customers paying a \$0.50 fee, the Board would experience a decrease in revenue from approximately \$37,000 to \$29,000, however, \$290,000 would be reserved in the escrow account for related costs not incurred by PSAPs. Reimbursements to the PSAPs will remain mostly the same, however, they could increase due to the reset distribution.

Explanation of Local Expenditures:

Explanation of Local Revenues: Public Safety Access Points (PSAPs) could experience an increase in reimbursements from the monthly Wireless Emergency 911 fee as a result of this bill. According to the Office of the State Treasurer, PSAPs have received approximately \$41.6 M since 1999 from the PSAP and Board account. See *Explanation of State Revenues*.

State Agencies Affected: Office of the State Treasurer, Wireless Enhanced 911 Advisory Board; IURC.

Local Agencies Affected: Public Safety Access Points.

Information Sources: Chris Ternet, Executive Director, Indiana Wireless E911 Advisory Board, Office of the State Treasurer.

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